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United States Senate
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Bruce Goldberg, MD
Director Designee, Oregon Health Authority
Director Oregon Department of Human Services
500 Summer St. NE
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Dear Bruce,

Thank you for our recent discussions about how to improve the chance of Oregon winning early Federal approval for a uniquely Oregon approach to health reform. I have already written the bipartisan Oregon legislative leadership indicating that should they and the executive branch choose to apply for a federal waiver that I will help in any way I can.

As you know, under the Patient Protection and Affordable Care Act (PPACA), I authored section 1332 that makes it possible for Oregon to obtain a Federal waiver and implement its own health care approach without an act of Congress. Oregon has a long history of pursuing flexible strategies for ensuring that all our people have high quality, good value, health care that is affordable to both consumers and taxpayers. Oregonians have demonstrated again and again that a one size fits all approach from Washington is not the best approach for the Northwest, and they have come up with innovative solutions that the Federal government has never had the flexibility or will to implement. For these reasons, I wrote Section 1332 specifically with Oregon in mind.

Section 1332 is scheduled to go into effect in 2017. I intend to introduce legislation shortly to accelerate that date to 2014. Moreover, if the bipartisan legislative leadership and the executive branch were in support, I would like to explore the possibility of Oregon moving forward with a Federal waiver even earlier.

I understand the Oregon Health Policy Board may soon complete the job of transmitting to the legislature a proposed health care benefit package that secures the flexibility, affordability, and quality that is consistent with Section 1332. I would be glad to work with you and the bipartisanship leadership to secure a positive review for Oregon's benefit package from the U.S. Department of Health and Human Services, that works in conjunction with the Department of Treasury. An early positive review strikes me as beneficial for two reasons:

1. It would allow Oregon to jump-start the development of the insurance exchange, the key to creating more affordability for consumers and taxpayers.
2. It would be beneficial to the Federal agencies and other states that might wish to use Oregon's benefit package as a model for their own work.

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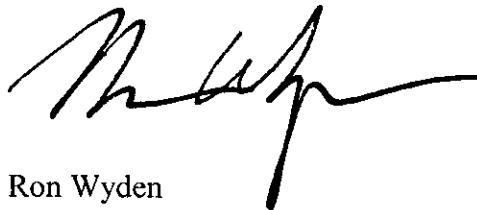
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In addition, Senate Finance Committee Counsel has stated that a state that can meet the general coverage requirements of the PPACA can obtain a Federal waiver under Section 1332 without a requirement that individuals purchase health insurance. Because you and I believe that the heart of real health reform is affordability and not mandates, I wanted to bring this feature of Section 1332 to the attention of you and the legislature.

One other point for your consideration:

I authored section 10108 of the PPACA, which creates "free choice vouchers". Under this provision, workers who spend more than 8% of their income on health care but are generally not eligible for subsidies on the exchange, can obtain a voucher from their employer. This voucher is tax free to the worker, and a tax write-off to the employer as a business expense. In other words it allows workers to buy their own best affordable coverage through the exchange using their employer's money while receiving the same tax treatment – for both employer and employee – as under the current employer-provided system. You may wish to use the vouchers created in this provision to expand the choices available to both employers and employees under the Oregon plan while preserving the federal tax subsidy. We both know that competition is vital to an effective marketplace; these vouchers would make insurers compete for more business, lowering costs for everyone in the exchange. I hope this provision may be of help to you as you work to establish Oregon's insurance exchange. Should state leaders choose to pursue a waiver from the PPACA, my staff and I stand ready to assist in any way possible.

Sincerely,

A handwritten signature in black ink, appearing to read "Ron Wyden", with a long horizontal flourish extending to the right.

Ron Wyden

U.S. Senator